

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6782

BILL NUMBER: SB 586

DATE PREPARED: Jan 17, 1999

BILL AMENDED:

SUBJECT: Collective bargaining for university faculty.

FISCAL ANALYST: Brian Tabor

PHONE NUMBER: 233-9456

FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill repeals the provisions in current law concerning the collective bargaining timetable, impasse, and strike procedures for education personnel. It adds provisions concerning final offer mediation-arbitration. The bill includes state educational institutions (colleges and universities) in school units required to bargain collectively with employees. Noncertificated education employees would be included under the collective bargaining provisions and school employers would be required to bargain collectively on certain issues.

This bill also authorizes the Indiana Education Employment Relations Board (IEERB) to issue certain orders and impose certain requirements on a person who commits an unfair practice. It also requires the chairman of the IEERB to have certain academic and professional qualifications.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill changes the current system for collective bargaining and provides for final offer mediation-arbitration when impasses occur. It also adds collective bargaining rights for noncertificated school employees and employees of state colleges and universities. However, the estimates presented below do not include the costs associated with these additions. Salaries and wage-related expenses for state colleges and universities could be affected by these provisions, possibly increasing the funding required by these institutions. The projections in this fiscal note will be updated as more accurate information becomes available.

Depending on how these employees organize, the IEERB would incur unknown additional costs related to the coordination of unfair practices and impasse procedures. The Board may also require temporary additional support during the establishment of employee organizations and elections.

IEERB Expenses: Based on the 306 units that may currently bargain collectively, the estimated increase in

expenses would be \$253,215 per year. This amount is based on the projected cost of mediation services multiplied by the expected number of mediations required per year. These estimates assume that this option will be used by approximately 25% of the eligible bargaining units (based on current practice). Usage below this level could decrease the net costs resulting from this bill.

The cost of a mediator is conservatively estimated at \$375 per day. The average number of days per case, given the bill's seven (7) day limit on the actual mediation, would be approximately eleven (11) days (7 for mediation, 1 for hearings, 2 for writing and 1 for travel). Additional expenses per case include travel (\$112 per case), lodging (\$520 per case), and per diem allowance (\$208 per case). This results in a total expense of \$4,965 per case.

Of the 306 units that may bargain using final offer mediation-arbitration, about 66% of these parties have not reached agreements over the past ten years without using current impasse procedures. As 25% of these units are expected to use the mediation-arbitration process, the annual projected number of cases is 51 (306 x 66% x 25%). This results in a projected cost of \$253,215 per year (51 cases x \$4,965 per case).

Note: This analysis assumes that arbitrators can be obtained at \$375 per day. Due to the small number of people in Indiana qualified as arbitrators, the relative pay rate compared with other states, and the time lines required by this proposal, \$375 per day may be too low to attract the necessary number of arbitrators. Arbitrators in other states are reported to receive at least \$450 per day with more experienced arbitrators receiving \$500 to \$750 each day. The actual fiscal impact of this bill would also depend upon the average payment necessary to attract a sufficient number of arbitrators.

IEERB Savings: If the current impasse procedures were no longer used, a savings of \$146,000 could be generated each year. This is due to a reduction in salary and benefits (\$86,600 for two staff members) and ad hoc expenses (\$50,000). Any savings resulting from the staff reduction could be delayed if accomplished through attrition. Staff travel for mediation and fact-finding procedures conducted under the current system would also be cut, saving approximately \$10,000. Further savings may result if this bill substantially reduces the time required to bargain and resolve labor disputes.

Net Impact: Not including the noncertificated employees and employees of state educational institutions made eligible for collective bargaining under this proposal, the net impact of the mediation-arbitration provisions of this bill would be \$107,215 in additional costs each year (\$253,215 - \$146,000).

This proposal also repeals the statutory ban on strikes for educational personnel. It is estimated that the IEERB may require between \$10,000 to \$20,000 in additional expenditures to mediate strikes. The exact impact of this provision depends on the number of strikes that would occur.

In addition, the bill requires the chairman of the IEERB to possess certain qualifications, including one semester of academic training and one year of work experience in the area of labor relations.

Explanation of State Revenues:

Explanation of Local Expenditures: There could be a fiscal impact for school corporations if this bill alters the time required to resolve labor disputes or if corporations were required to accept agreements they would have rejected under the current system. The repeal of the prohibition against strikes could also have significant cost implications.

Explanation of Local Revenues:

State Agencies Affected: IEERB, state educational institutions.

Local Agencies Affected: School corporations.

Information Sources: Dennis Neary, Chairman, IEERB, (317) 233-6620.